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## **Opening Statement**

Chairman Ros-Lehtinen and Members of the Committee, thank you for the opportunity to testify on this important topic at a time when our president, Barack Obama, and China's President Hu Jintao are conducting important meetings in Washington, setting the course for future Sino-American relations.

The US relationship with the People's Republic of China has been troubled throughout its twisted history during the past 60 years. Important areas of converging interests between the two powers are usually accompanied by important areas of differences. The relationship has become very broad ranging, multifaceted and complicated. And it has become the most important bilateral relationship in the world.

Leaders on both the Chinese and the American sides in the past decade have seen their countries' interests best served by pragmatic efforts to build closer ties in the areas where US and Chinese interests converge; they try to manage the many differences between the two countries in ways that do not fundamentally challenge the positive equilibrium that prevails between the two administrations.

This pattern of seeking to advance common ground while managing differences prevailed throughout most of the George W. Bush administration. Presidential candidate Obama was unusual in recent US presidential politics in *not* making an issue of his predecessor's China policy. Like President Bush, the new president showed a course with China involving pursuing constructive contacts, preserving and protecting American interests, and dealing effectively with challenges posed by rising Chinese influence and power.

A strong theme in President Obama's initial foreign policy was to seek the cooperation of other world powers, including China, to deal with salient international concerns such as the global economic crisis and recession, climate change, nuclear weapons proliferation and terrorism. He and his team made strong efforts to build common ground with China on these and related issues. China's leaders offered limited cooperation; they focused much more on their own interests than the need for global responsibility urged by President Obama. Chinese officials suspected that added global responsibilities would hold back China's economic development and modernization.

More worrisome, some Chinese actions and assertions directly challenged the policies and practices of the United States. Chinese government patrol boats confronted US surveillance ships in the South China Sea; China challenged US and South Korean military exercises against North Korea in the Yellow Sea; Chinese treatment of US arms sales to Taiwan and President Obama's meeting with the Dalai Lama was harsher than in

the recent past; Chinese officials threatened to stop investing in US government securities and to move away from using the US dollar in international transactions; and the Chinese government for a time reacted very harshly to US government interventions urging collective efforts to manage tensions in the South China Sea and affirming that the US-Japan alliance provides for American support for Japan over such disputed territories as islands in the East China Sea controlled by Japan but claimed by China.

The Obama government reacted calmly and firmly to what Secretary of State Clinton called these "tests" or manifestation of new assertiveness by China. It gave no ground on any of the Chinese demands. It also found that Chinese assertiveness with the United States and neighboring Asian countries over maritime, security and other issues seriously damaged China's efforts to portray a benign image in Asia. These Asian governments became more active in working more closely with the United States and in encouraging an active US presence in the Asia-Pacific. Their interest in closer ties with the United States meshed well with the Obama government's broad effort to "re-engage" with the countries of the Asia-Pacific, ranging from India to the Pacific Islands. The overall effect was a decline in China's position in the Asia-Pacific and a rise in the position of the United States.

Meanwhile, the Obama government made clear to the Chinese government and the world that the United States is prepared to undertake military measures needed to deal with the buildup of Chinese forces targeting Americans and American interests in the Asia-Pacific. It also helped to move China to curb North Korea's repeated provocations by warning privately as well as publicly that the United States viewed North Korea's nuclear weapons development as not just a regional issue and concern for global non-proliferation but a direct threat to the United States.

The period leading up to the current visit of President Hu Jintao to Washington has been accompanied by actions from China designed to ease recent tensions and set a smoother course for US-China relations. The harsh rhetoric criticizing US policies and practices has subsided; the Chinese put aside their objections to high-level military exchanges and Secretary Gates reestablished businesslike ties at the top levels of the Chinese military during his recent visit; China used its influence to get North Korea to stop its provocations against South Korea and to seek negotiations over nuclear weapons issues; China avoided undercutting international sanctions to press Iran to give up its nuclear weapons program; China has allowed the value of its currency to appreciate in recent months; and Chinese officials were more cooperative over climate change issues at the recent meeting in Cancun than they were a year earlier.

Looking out, one can be cautiously optimistic that the current US-China summit will help to sustain positive momentum in US-China relations. The enormous differences between the two countries also will continue.

President Obama has made it clear that he wants to pursue closer engagement with China as part of his administration's overall re-engagement with the Asia-Pacific. His administration also has made clear that it will not give in to Chinese assertiveness or

pressure, and if needed will respond to such Chinese actions with appropriate military, diplomatic or other means.

Given the recent signs of assertiveness in China, it may appear less certain that President Hu Jintao shares President Obama's interest in re-engagement. On the other hand, China's recent assertiveness against the United States and other countries over differences China has with them over territorial and other issues has been much more costly than beneficial for China's broader interests. On balance, it has weakened China's position and strengthened the position of the United States in the Asia-Pacific

Against this background, it seems likely that prevailing circumstances will preserve and reinforce the positive equilibrium in US-China relations for three general reasons:

- Both administrations benefit from positive engagement in various areas.
- Both administrations see that the two powers have become so interdependent that emphasizing the negatives in their relationship will hurt the other side but also will hurt them.
- Both leaderships are preoccupied with a long list of urgent domestic and foreign priorities; in this situation, one of the last things they would seek is a serious confrontation in relations with one another.

I look forward to responding to any questions you may have.